



CAPE WINELANDS DISTRICT

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MEMORANDUM TO : EXECUTIVE MAYOR (Aid (Dr). Helena Von Schlicht)
MEMORANDUM FROM : MUNICIPAL MANAGER (Mr HF Prins)
REFERENCE NUMBER : 5/18/5
DATE : 17 JANUARY 2023

REPORT ON THE MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT IN TERMS OF SECTION 52(d), 54, 71 AND 72 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003) FOR THE PERIOD: 1 JULY 2022 TO 31 DECEMBER 2022

PURPOSE OF SUBMISSION

That the Executive Mayor consider the Mid-year budget and performance assessment in terms of Section 52(2), 54, 71, and 72 of the Local Government: Municipal Finance Management Act, 2003(Act No. 56 of 2003) (MFMA) for the period: 1 July 2022 to 31 December 2022, with the purpose to determine whether an Adjustments Budget is necessary and to issue appropriate instructions to the Accounting Officer in respect of budget implementation, as well as identifying financial problems.

BACKGROUND

Section 72 of the MFMA determines that the Accounting Officer of a municipality must by no later than 25 January of each year:

- (a) Assess the performance of the municipality during the first half of the financial year, taking into account-
 - (i) The monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) The municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) The past year's annual report and progress on resolving problems identified in the annual report; and
 - (iv) The performance of every municipal entity under the sole or shared control of the municipality, taking into account the Mid-year budget and performance assessment from such entities; and
- (b) Submit a report on such assessment to –

- (i) The mayor of the municipality;
- (ii) The National Treasury; and
- (iii) The relevant provincial treasury.

The accounting officer must, as part of the review –

- (a) Make recommendations as to whether an adjustments budget is necessary; and
- (b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

In terms of section 54(1)(f) of the MFMA the executive mayor must submit the Section 72 report to the council by 31 January of each year.

*** **Included under separate cover as Annexure “B” is a copy of the Financial Report of the Cape Winelands District Municipality (CWDM), consisting of the following:**

- (a) Budget vs. Actual Expenditure per Strategic Objective – 2022/2023.
- (b) Budget vs. Actual Expenditure per Category - 2022/2023.
- (c) Budget vs. Actual Income per Strategic Objective – 2022/2023.
- (d) Detailed Budget vs. Actual Expenditure and Actual Income per Strategic Objective - 2022/2023.
- (e) Budget vs. Actual Project Expenditure – 2022/2023.
- (f) Budget vs. Capital Expenditure – 2022/2023.
- (g) Detailed Debtors Age Analysis – 2022/2023.
- (h) Budget vs. Actual Pauper Burials – 2022/2023.
- (i) Disclosures in terms of the Municipal Supply Chain Management Regulation 36(2).
- (j) Performance Review Report – 2022/2023.

COMMENT

The accounting officer assessed the performance of the municipality for the period 1 July 2022 to 31 December 2022 and report as follows on -

(a) Monthly reports in terms of Section 71 of the MFMA

*** **Included under separate cover as Annexure “A” is a copy of the In-year report for December 2022 (Schedule C).**

The year to date operating expenditure until the 31 December 2022 was R196 039 136, consisting of actual expenditure amounting to R171 614 030 and committed expenditure of R24 425 106. The municipality has to date spent 38.6% of the budgeted expenditure of R444 379 722.

Notwithstanding the above, prudent actions must be maintained during the 2022/2023 Adjustments Budget process to improve on the implementation of procurement plans and the SDBIP, to consequently improve on actual spending as anticipated.

(b) Adjustments Budget in terms of Section 28(2)(e) of the MFMA – Roll overs

As at 25 August 2022 no approval has been granted by either National or Provincial Treasury for Roll Over applications therefore no Roll Over Adjustments Budget were tabled to Council.

(c) ADDITIONAL REVENUE APPROPRIATIONS

The Cape Winelands District Municipality (CWDM) received additional funding from the Western Cape Government via its Department of Public Works in terms of Addendum 1 to the Memorandum of Agreement for the 2022/2023 financial year, dated 8 November 2022.

Funding Received:

The Department of Transport and Public Works amended their 2022/2023 budget for work on proclaimed roads with R16 500 000 to make provision for additional costs in respect of labour and for the procurement of services and materials.

(d) Financial viability

The financial viability of the Cape Winelands District Municipality is in a good position as at 31 December 2022. The Municipality is able to satisfy its short-term obligations as it falls due, thus it is likely to meet its financial obligations in a timely manner, ensuring continued uninterrupted services to the community. All provisions and reserves are cash backed and the Municipality has no external loans.

(e) Capital Expenditure

Management adopted practices to ensure that capital expenditure is accelerated. At the end of December 2022, the capital commitments were R18 288 040 and actual expenditure was R3 017 953.

The following major savings identified on the 2022/2023 Capital Budget were:

(i) Vehicle Pool: R 4 440 000

Management decided to do a needs/utilization assessment, in order to determine efficient vehicle replacement, thereafter the necessary replacements will be done.

(ii) Disaster Management: R7 500 000

Due to recent upgrades of disaster management centres in the Cape Winelands District Municipality's jurisdiction it was decided to do a proper assessment of the current disaster management facilities of the CWDM, before any upgrades are done.

(iii) Fire Services: R 11 100 000

The tender for the two major fire fighting vehicle replacements was awarded, but the vehicles will be delivered in the new financial year, hence the budget for these vehicles is moved to the next financial year.

(iv) Development of Regional Landfill Site: R60 000 000

Implementation of the regional site has been delayed due to the transfer / rezoning process in obtaining the land. The composition of the tribunal who attend to the approval of the rezoning / sub-division application was delayed as the term for the previous tribunal expired 30 June 2022 and the tribunal could not meet in time before their term expired. A new tribunal needs to be approved, which is a very time-consuming process. This delay caused that the rezoning / sub-division application could not be submitted to the Surveyor General's for the registration of the concerned erf to be developed. The tender process for construction were delayed to align with the purchase of land schedule. Funding for the development of the regional landfill site will therefore not be utilized during the current financial year

(f) MSCOA Report for the period ending 31 December 2022

*** Included under separate cover as Annexure "C".

(g) Cost Containment Measures 2022/2023

*** Included under separate cover as Annexure "D"

(h) Service delivery performance, service delivery targets and performance indicators

*** Included under separate cover as Annexure "E" is a copy of the predetermined objectives

This report addresses the performance of the Municipality taking into account actual expenditure, service delivery targets and performance indicators for the organisation and projects for the period 1 July 2022 to 31 December 2022.

RECOMMENDATION

That the Executive Mayor consider the Mid-year budget and performance assessment in terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) for the period: 1 July 2022 to 31 December 2022, with the purpose to –

- a) Issue any appropriate instructions to the Accounting Officer to ensure that –
 - (i) An adjustments budget for the 2022/2023 financial year is submitted to the Council for approval; and
 - (ii) The relevant service delivery targets and performance indicators in the service delivery and budget implementation plan be adjusted.

I, **Henry Frederick Prins**, in my capacity as the Accounting Officer (Municipal Manager) of the **Cape Winelands District Municipality**, hereby recommend that -

- (a) The Executive Mayor takes cognisance that the Report on the Mid-year budget and performance assessment for the period **1 July 2022 to 31 December 2022** has been prepared in accordance with Sections 52(d), 54, 71 and 72 of the Local Government: municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- (b) An Adjustments Budget for the 2022/2023 financial year be submitted to the council for approval;
- (c) The relevant service delivery targets and performance indicators in the service delivery and budget implementation plan be adjusted accordingly;
- (d) That in terms of Section 72(1)(b)(ii) and (iii) the Report be submitted to the National Treasury and the relevant Provincial Treasury.

Mr HF Prins
Municipal Manager

Signature: _____



Date: _____

17 January 2023

I, **Helena Von Schlicht**, in my capacity as the Executive Mayor of the **Cape Winelands District Municipality**, hereby –

- (a) Take cognisance that the Report on the Mid-year budget and performance assessment for the period **1 July 2022 to 31 December 2022** has been prepared in accordance with Sections 52(d), 54, 71 and 72 of the Local Government: municipal Finance Management Act, 2003 (Act No. 56 of 2003) and regulations promulgated under the said Act; and
- (b) Concur with the recommendations of the Accounting Officer.

Alderman (Dr) Helena Von Schlicht
Executive Mayor

Signature: _____



Date: _____

17/01/2023